

# ENGCOBO LOCAL MUNICIPALITY



## FINAL ANNUAL REPORT



## 2010 – 2011

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## PROVINCIAL PERSPECTIVE TO ANNUAL REPORTING AND CONTEXT FOR ENGCOBO MUNICIPALITY

### RATIONALE FOR ANNUAL REPORTS BY MUNICIPALITIES

**To provide relevant information needed as per the applicable legislation for the purpose of informing the public and for the assessment of compliance of the municipalities activities for the financial year under review based on the agreed plans in the IDP and other relevant processes.**

### UNIFORM REPORTING

During a Provincial review of municipal reporting the following observations were made:

- Non compliance and general disregard of the reporting format prescribed by the Treasury through the MFMA Circular 11 of 2003;
- No logical flow of information;
- Incomplete and inconsistent information; and
- Lack of reporting of some key information.

### REPORTING SCHEDULE

The MFMA prescribes the reporting schedule for the municipality and it is the intention of Engcobo Municipality to adhere to the prescripts.

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## FOREWORD BY THE MAYOR

Engcobo Municipality remains a vibrant retail hub that has huge agricultural potential. This Category B municipality is part of the Chris Hani District Municipality. Graded at level two, Engcobo is a medium capacity municipality with a limited rate base. The community rely mainly on government grants and subsistent farming for their livelihood. The past financial year marked a significant growth in community projects and public participation; however there is a need to ensure that these become sustainable. The Council has emphasised service delivery and sound financial management as a developmental



priority with intuitive political foresight that is aimed at a balance being created between infrastructure backlogs, the maintenance of existing services and the ever increasing demand for new services. During the 2010/2011 financial year Council adopted the Integrated Development Plan (IDP) and the budget as living documents that served as a base to improve the lives of the community. The indigent community members continued to benefit from the Equitable Share from national government through the provision of free basic services. Other national grants such as the Municipal Infrastructure Grant (MIG) assisted to increase the direct investment into infrastructure; however there is a need for a more innovative approach to increase grant funding. A sizable number of eight access roads constructed. Furthermore, an amount of R35million was secured from the Department of Energy (DOE) for the electrification programme; however an additional funding is required to ensure that the whole of the municipal area is electrified at present an amount of R108million is required however the costs of electrification increase yearly.

The past financial year saw a marked increase in the number of Local Economic Development (LED) projects that need to be transformed from being classified as Social Investment into becoming viable business prospects. The IDP process that took Council to all 16 wards has been effective in serving as an information tool and more importantly as an opportunity to hear the needs of the community. The reality of having a low rates base and limited opportunity for revenue generation is that the municipality is not able to ensure that it has the necessary capacity and resources to improve its ability to be a viable going concern. The audit opinion for the municipality from the Auditor – General continues to be of concern and will be one of the key focus areas in the new financial year.

In conclusion, Engcobo Municipality should become an enabler of socio economic development through sound political judgement complimented by a structured management system that will strive to push back the frontiers of poverty. Let us use our mandate to empower the community into creativity to improve their lives rather than allowing an entitlement mentality to replace the responsibility to defend our democracy. With emphasis on rural development, sound financial management, and economic development, we can improve the municipality for the benefit of all who live in it and all who pass through it.

**THANK YOU**

MAYORS NAME AND SIGNATURE .....

## OVERVIEW OF THE MUNICIPALITY

### FOREWORD BY THE ACCOUNTING OFFICER

The 2010-2011 financial year was a year marked by change in the Local Political sphere of Government and as Engcobo Municipality we were not immune in that programme. A new administration assumed office at the beginning of June 2011 with a pledge to work harder, faster and smarter to develop our local municipality and the nation in general.



The state of the nation address by the President confirmed that the fight against poverty remained the cornerstone of the government focus, this is a key element of the vision for transformation at local level as the focus on building, cohesive sustainable and caring communities at local level.

Once again the past financial year marked a significant growth in community projects and public participation, however there is a need to ensure that these become sustainable.

It is as well imperative to indicate that the Council has adopted the Intergrated Development Plan for the year under review with serious targets on service delivery outputs out of that intensive exercise it became so important in reflecting that our Municipality has managed to be assessed at the expected goal which is high credibility for 2011/2011 financial year.

### AUDITOR – GENERAL

The Auditor - General has expressed concern in the municipality's overall functionality and compliance with internal controls. Given the complex legislative environment aimed at ensuring that public funds are effectively managed, low capacity municipalities struggle to need the full intention of the law. This therefore requires the municipality to meet its legal obligation in a practical manager based on the desire to improve operations and functionality rather than mere compliance. The Mayor has emphasised the need to 'get the basics right' and it is therefore the responsibility of management to address the glaring issues that can be identified as the root cause for non – compliance. It is management's intention to ensure that all employees conduct themselves in the best interest of Council and also to create a work ethic that can be horned into transforming the municipality into a going concern.

### FINANCIAL MANAGEMENT

Given the low capacity status of the municipality and also its limited resource based, it would need to find innovative ways of addressing the budgetary shortfalls against the needs of the community and also the internal administration costs. This is said with the understanding the rates base is insignificant and there is a dependency on the indigent subsidy to pay for basic services. Municipality has the following services – Rates, Refuse, Water and Sanitation (WSP). The Municipality depends on grant funding and minimum own revenue from the local households. It is intended that the financial reporting and controls will improve in the new financial year and innovative ways explored to improve own revenue. An analysis of the financial viability of Engcobo was conducted based on current available records and the following key areas emerged.

- Municipality's financial reporting capacity needs urgent improvements



- The municipality is implementing GAMAP / GRAP requirements
- The local revenue base is very low due to low levels of household exposure to regular incomes and high levels of poverty

The internship programme for graduates has enhanced the Finance Departments potential to focus on internal controls and compliance.

## Human Resources

Even though Engcobo Municipality enjoys a vibrant atmosphere amongst staff there has been a challenge in the effective understanding and implementation of performance management. Given the reality that the office of the Auditor – General will be conducting performance audits in the near future, management intends assessing performance against the IDP objectives. The focus on performance will be considered in conjunction with the creation of a conducive working environment that will encourage staff to function at their optimal levels. This is said against the backdrop of the municipality's inability to compete with the market for skills, particularly, technical skills. There was overall non-compliance with the legislative requirements pertaining to the planning, monitoring, managing and reporting of performance information. The municipality does not measure performance of the organisation or staff, only performance of section 57 managers are measured. It is also important to mention that the organizational structure was reviewed and aligned accordingly to enhance capacity in the municipality and to respond appropriately to the identified priority areas. The spending patterns were structured such that a significant portion of the budget is deployed towards capital expenditure that benefits local economic development.

## LED

Encouraging economic activities through the LED strategy which is designed to guide and facilitate the municipality on the response to development around the Engcobo community and beyond, remains a priority. The focus of the strategy is on the forestry development, Tourism development, Agro tourism, retail market and Agricultural development. The community of Engcobo was identified for livestock improvement and all wards were given Nguni bulls and Nguni heifers, particularly the organized farmers. There are other small scale projects for women, youth, and disabled that were funded as we have mentioned them above like,

- Sewing
- Baking projects
- Communal gardens
- Poultry projects.

On Social investment programs, the municipality has engaged all people that are doing and those that are having an interest in the local economic development. This resulted in ± 60 registrations of co-operatives with the assistance of SEDA and DEDEA. Furthermore, there are 20 community based organizations that are dealing mostly with HIV/AIDS related programmes and Agriculture. It should be noted that a Tourism Sector Plan was developed by the municipality. Through this plan certain programmes have been identified, i.e. history center, heroisee arkee. With funding these plans can be converted into reality.



## SPECIAL PROGRAMMES

There were also a number of programmes that took place through our Special Programmes Unit (SPU) during this financial year, i.e.

- The Mayor's cup (youth and women)
- Back to school programme
- Skills development
- The launch of district based support team and recognition of disability month.

## SERVICE DELIVERY

Water backlogs remains high and sanitation backlogs are also high. Water projects have been implemented by the Chris Hani District Municipality (WSA) the 2010/2011 namely; bojane, sikhobeni water scheme, Nkondlo phase 4 and Qutubeni water scheme phase1, focus has been on improving provision in the rural areas, even though water has been provided in the urban areas, the winter/ draught period of 2010 had a significant impact in the provision of services for the urban areas.

Waterborne sanitation is non- existent in the rural areas and available to all households in the urban area however challenges have been experienced in the low cost housing units and the Department of Human Settlements has sent engineers to make assessment of the infrastructure within the units. The Waste Water Treatment Works (WWTW) in the urban area is a challenge and solutions have been proposed to solve the problem and funded through MIG by the District Municipality.

The municipality is faced with huge backlogs on access roads. The municipality has not completed the road classification which will assist the municipality to determine the extent of the backlog it has for the different road classifications.

The municipality is responsible for the construction, maintenance and upgrading of local access roads and storm water infrastructure. There are two main provincial roads, namely, R 61, R 57 and R408. These roads link the Engcobo Local Municipality with King Sabatha Dalinyebo Local Municipality, Intsika Yethu Local Municipality, Sakhisizwe Local Municipality and Mbashe Local Municipality . These roads need upgrading with extensions of the soft shoulders and remarking. Due to limited funding and maintenance many access roads and bridges need to be constructed or remade in spite of the current area wide maintenance. Access roads leading to health centers and schools remain a challenge.

## IDP

There is a need to align the IDP, Budget, and Performance Management and have a clear way of ensuring this interrelationship between these aspects. These processes should add value to the community participation. The IDP for the municipality has been assessed by the PDLG(department of local government and found to be credible. In the financial year 2010/11, the community raised certain issues including poverty, food security, economic development and housing which have a fundamental link to the IDP objectives.

## RISK

The Auditor – General has identified that the municipality has not drafted and adopted a risk assessment policy and that a risk assessment was not performed during the period ended 30 June 2009. Furthermore, the municipality needs to address basic control measures. The asset register of the municipality has been improved to be GRAP compliant and needs to be maintained. the requirements of GRAP 17 remain a challenge to a small municipality like Engcobo as specialists are required to meet the requirement and these are costly.

## IGR

The municipality has formed partnerships with other governmental sectors and have continuous Intergovernmental meetings to discuss matters of service delivery to the community. It is planned that in the new financial year that grant funding be channelled based on the needs of the municipality through its IDP more than the reliance on the donors discretion. The municipality enjoys cordial relations with Chris Hani District Municipality that also serves as a source for project funds.

## CONCLUSION

In conclusion the office of the Acting Municipal Manager once again would like to express gratitude to the Executive Committee led by the Honourable Mayor and as well as councillors for providing political oversight aimed at improving services to the community. This brief overview of some of our main achievements and challenges during the year under review is intended to serve as an introduction to the strategic focus for the work of the municipality and the main achievements in this respect.

We are confident that we have made substantial progress through our initiatives this past financial year, the impact of some of which may become more fully apparent during the implementation of various policy and legislative reforms in the next financial year.

Mr. S. Mahlasela  
Municipal Manager

## EXECUTIVE SUMMARY

This annual report cover a number of issues pertaining to the governance and management of the municipality as reflected through its operations. The broad areas reported on are;

- ❖ Governance
- ❖ Going concern
- ❖ Audit opinion
- ❖ Stakeholder consultation
- ❖ Service delivery
- ❖ Economic development
- ❖ IDP
- ❖ SDBIP
- ❖ Compliance
- ❖ Finances
- ❖ SCM
- ❖ Systems
- ❖ Human resources

The past year 2009/2010 review has resulted in successfully achieved the IDP objectives although it also presented a number of challenges. The main focus of the municipality was on the improvement of service delivery to the communities. The institution continued to make vigorous advances in the implementation of the IDP and the Service Delivery and Budget Implementation Plan (SDBIP) is used as the instrument for measurement.

A Performance Management System (PMS), particularly for Section 57 Managers has been developed, which gives the municipality the assurance that its managers will be able to work tirelessly to improve the performance of the organization. Furthermore, during the IDP reviewal processes the stakeholders raised fundamental matters that need to be taken into consideration including;

- Local Economic Development,
- Effective governance,
- HIV/Aids related issues,
- Increased measures to access funding,
- Alleviation of poverty,
- Rural development,
- Provision on housing projects, and
- Agricultural production.

The organization structure was reviewed and aligned accordingly to enhance capacity in the municipality and to respond appropriately to the identified priority areas. The spending patterns were structured such that a significant portion of the budget is deployed towards capital expenditure that benefits local economic development and infrastructure development.

The municipality has formed partnerships with other governmental sectors and has continuous Intergovernmental meetings to discuss matters of service delivery to the people because as governmental components we have common goals and objectives. Various community based projects have been capacitated with business management skills. Feasibility studies were undertaken on projects prior to funding so as to ensure sustainability and ultimately job creation.

Various crucial projects were launched during the year under review and amongst those are;

**Projects Funded**

Project	Budget ®	Expenditure ®	Source
Tourism Development	R 70 000	R 30 000	Engcobo LM
Tourism Heritage Event	R 50 000	R 50 000	Engcobo LM
LTO Training	R 20 000	R 20 000	Engcobo LM
Arts and Culture Material	R 30 000	R 30 000	Engcobo LM
Heritage Event	R 100 000	R 35 000	DSRAC
Agriculture Development			
Fertilizers for 16 wards	R 200 000	R 180 000	Engcobo LM
Target was system for green can youth project	R 10 000	R 10 000	Engcobo LM
Seedlings for commenced project	R 10 000	R 10 000	Engcobo LM
Tractor utilization on plot	R 110 000	R 110 000	Engcobo LM
Maintenance and repair of tractors	R 500 000	R 500 000	Engcobo LM
Installation of irrigation system at emgevalo project	R250 000.00	R210 000.00	Dedea
Bought tractor for Mgwali project and ITS implements	R560 000.00	R560 000.00	Dedea
Purchase of imputes for Mgwali	R30 000.00	R25 000.00	Dedea
Wood cluster (charcoal project) Fencing and King installation	R300 000.00	R280 000.00	District Municipality
Local Economic Development Strategy (LED Strategy)	R300 000.00	R260 000.00	District Municipality
Spatial Development Frame Work (SDF)	R300 000.00	R240 000.00	District Municipality
Small Micro Medium Enterprise	R50 000.00	R30 000.00	Engcobo LM
Socio Economic Profile	R110 000.00	R100 000.00	Local Government

It is also imperative to reflect tourism, arts, and craft activities under the year in question that tourism sector plan has been developed. Certain programmes have been identified, i.e. history center, heroisee arkee but because of insufficient funds the above have not been fully implemented but their business plans are in place. Our arts experts and crafters participated in the art and craft festival that we had as the district and the province, and further our crafters are selling their products anywhere in the region and the province, and further our crafters are selling their products anywhere in the region and the province, where their market is our communal people and outsiders.



### **Livestock Improvement**

The community of Engcobo was identified for livestock improvement and all wards were given Nguni bulls and Nguni heifers, particularly the organized farmers. Our main center for delivering these bulls and heifers was Mjanyana where 15 bulls and 10 heifers were delivered and the rest was delivered to other wards.



While the above issues may seem relatively small these have assisted to impact on poverty. This annual report also deals with the Auditor - General report that raises glaring short comings in the functioning of the municipality. It is intended that the internal controls of the municipality will be addressed in the new financial year.



## **CHAPTER 1: INTRODUCTION AND OVERVIEW**

### **1.1 VISION**

**“A well-capacitated, clean, safe and friendly municipality characterised by vibrant agriculture and tourism sectors with skilled and empowered communities”.**



### **1.2 MISSION**

**“To provide basic and affordable services, alleviate poverty and improve the quality of lives of the Engcobo community through social and economic development of the area and by creating a safe, healthy and secure environment.”**



### 1.3 OBJECTIVES

The objectives and strategies of Engcobo Municipality are in line with those of the PGDP and PGDP objectives which are as follows:

- Systematic poverty eradication
- Agrarian transformation and household food security
- Development of manufacturing and tourism
- Infrastructure development
- Human resource development
- Public transformation

### 1.4 ORGANISATIONAL STRUCTURE

#### 1.4.1 POLITICAL STRUCTURE



## CHAPTER 2: SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

### 2.1 WATER SERVICES

#### a. Water services delivery strategy and main actors:

This is the competency of the District Municipality (**Chris Hani District municipality**). The Engcobo Local Municipality and the Chris Hani District Municipality have a service level agreement in place in which the Local Municipality maintains both the urban and rural areas. The CHDM has deployed some skilled personnel to work at the municipality so as to be able to manage the demand of maintenance of rural schemes. The Chris Hani District Municipality is the Water Services Authority with reference to section 78 of the water services act.

The following water projects were constructed;

- Nkondlo Internal Reticulation Scheme
- Bojane Bulk and Internal Reticulation Water Scheme( under construction)
- Quthubeni Water Supply Scheme

A large percentage of the population of the Engcobo municipal community still does not have proper water supply. There are 9 water projects planned for the 2011/12 financial year these projects went out to tender in the 2010/11 financial year.

#### b. Level and standards in water services:

The table below illustrates the level of service to water supplied to the Engcobo Municipality community some of the villages are served with water and others not. The level of service is stated ie RDP or Below RDP

Sandile – A, Kusandile Ntseleni. Cobosi – B Malangazana, Kwadala, Taleni–B, Phillipsdale Mangxongweni Entabeni - A Qolweni – E Quentabeni Eluthuthu Mjanyana - D Mafusini – K Mjanyana - C Mjanyana - B Tafeni – C Mamvulaneni, Ngqaba, Kunqumakala, Drayini – A, Ejele – B, Egubhuzi – A, Mnqandwini Mandlaneni – A, Mbilini, Maga – A, Lixeni – C Mpindweni – K, Maqanda – B, Ngcacu – A Ngcacu – B, Gobhoti, Eqolweni – AA, Mncayi Lower Gqaga – C, Lancede, Ku Cibi, Mdeni –Z Komkhulu B, Khanyi – A, Lower Gqaga – B, New Town – A, Nonyendu, Msintsana - B Msintsana – C, Ntaka – B, Mamfengweni Ncanabane, Lixeni –B, Madotyeni, Cobosi – C Kwa-Gcina – A,Cobosi – A, Nkwenkwana, Mbanga – A, Tywini Ntlalukana, Kwajelase, Mageza, Silevini Ngcelelo, Mtshayelweni – B, Hukwini, Goso – J Quluqu, Mjanyana – A, Dandazile, Look Out Store, Mawuleni, Kuntsimba, Shushwana Gotyibeni – AA, Makaxeni, Bekileni, Qanguleni Emjikelweni – B, Ekunene, Ndlunkulu – B, Ngubo, Zuburha, Zabura Bula Mboleni – B, Kwandlana, Lwandlana – M, Jalisa Mbashe – D, Matshaweni – A, Qumanco		
Water services level	Population	Number of households
RDP	76 496	15 595



Tsalaba – F, Manina, Bhokileni , Tsalaba – D Yawa, Gibeni, Tsalaba – B. Dyobhashi Emanzamdaka, Hendy Plaas – A, Gubenxa - D Masameni – D, Manzimdaka – C, Mbabakazi - B Gubenxa - A, Mbabakazi – A, Gubenxa - C Manzimdaka – A, Moltina, Sundwana – C, Qebe – B, Location, Swekileni – B, Madladleni Sixholosini – A, Kwacube, Mquabu, Tsalaba Mgudu A, Mdeni – AA, Zabaza – A, Mqabo – A Ezadungeni, Quthubeni – C, Matyeni – D Mqabo – B, Jojweni –P, Island, Mqabo – C Chefane, Mgubhuzi, Tembuland, Timber Esigangeni – B, Sdikidini, Sithole, Gubenxa - B Taleni – A, Ntsinga – D, Matyeni – A Ntywabatywaba, Didwayo – A, Manzakeni Gqaka –A, Sitoleni – C, Zabaza – C, Sitholeni – C, Mhlophekazi – C, Mandebe, Mayekiso Farm – A, Qebe – C, Ngentla, Bulawayo, Gubenxa - E Elixeni, Kumabunga, Sgadleni, Ngqondo, Mdeni – X, Lower Gqaka, Mgudu E, Emgudu, Mboleni – a, Kuhlaba, Lower Gqaga – A, Upper Gqaga, Emachibini Haba, Gqaka – B, Esingeni – B, Sitholeni – D Sitholeni – B, Sitholeni – A, Ntaka – A, Nqala – A, Mnyolo Drift , Ngwemnyame, Sundwane Hlupekazi, Kumbeke, Makhallane, Ntsuba Kunomyayi, Xhokonxa, Didwayo – B, Mgudu – A, Nqala – B, Mgudu – B , Mgudu B Lower Mbashee, Gxotyeni, Ngxoki, Msintsana – D, Enkamdini, Mamfengwini – C, Manyisane - B Ngcwabeni, Tembisa – A, Luxini, Mhlophekazi – B, Didi – C, Didi – B, Macwerheni, Mqobiso – B Nogqadasi – A, Dwaleni, Esinqumeni – A, Nqancule, Nqancule – B Union Kumbeke, Klofini, Busila – A, Mcaba, Mkonko Mtuntloni, Mtintloni, Mgaphesheya Maqwathini – D, Blomfaka, Luqolweni - A Qolweni – C, Lalini – I, Mtintloni – A, Ntsinga – C, Ntsinga – B, Ntsinga – A, Zabaza – B, Zabaza – D, Esinqumeni - B Lusizi – A, Dulati – A, Gqutyini – B, Gqutyini – A

Water services level	Population	Number of households
Unserved	62 428	13 674

Enkwenkwezi, Xilinxu – D, Magqakaleni, Caqca Maqamkazini, Kwancwane, Caca – B, Sikantini Nkondlo, Sigangeni – C, Mthumeni, Kwabhinca Nkanini – A, Magebeni, Mhlangwini, Macebeni Bhinca

Water services level	Population	Number of households
Below RDP	62 428	5 591

### c. Major challenges in water services and remedial actions

- Huge backlog
- Budget allocations
- Funding for bulk water projects
- High Staff Turnover

## 2.2 ELECTRICITY SERVICES

### a. Electricity services delivery strategy and main actors

The Engcobo Local Municipality is not a Licence Holder for electricity distribution or supply. The Engcobo Municipality is dependent on eskom and the Department of Minerals and Energy. The Engcobo Municipality had three projects that had to be undertaken by eskom the projects where the following;

- Engcobo Rural Phase 2
- New Rest and Msawawa Electrification.

These projects have been with Eskom for some time now and are currently being implemented. Challenges that Eskom is faced with were the following;

- Budget Allocation
- Personal
- Access to some villages
- Density of the villages

The municipality through funding received from the Department of Energy has engaged in electrification of 11 540 households. During the 2010/11 financial year the municipality received an amount of R35million to electrify the following villages;

VILAGE NAME	INFRASTRUCTURE	CONNECTIONS NUMBER OF HOUSEHOLDS
Qebe Link Line	16km	
Various villages from 2009/2010 financial year that had infrastructure only and not yet connected to the Eskom Grid.		2 379
Sitholeni Phase 1 <ul style="list-style-type: none"> <li>• Taleni 51</li> <li>• Gubenxa 201</li> <li>• Ntywabatywaba 44</li> <li>• Sdikidini 26</li> </ul>		322
Xuka Maqanda <ul style="list-style-type: none"> <li>• Khanyi 76</li> <li>• Luhewini 137</li> <li>• Luhewini 573</li> </ul>		786
Mjanyana Quluqu		253

<ul style="list-style-type: none"> <li>• Maxekeni 203</li> <li>• Kunstimba 50</li> </ul>		
Ward 4 <ul style="list-style-type: none"> <li>• Hukwin 174</li> <li>• Goso 18</li> </ul>		192
<b>Total</b>		<b>3 932</b>

#### b. Level and standards in electricity services

The level of service that is provided by Eskom is the basic level of service and upgrades to the households are done through the normal Eskom procedures.

#### c. Major challenges in electricity services and remedial actions

- Fund of projects
- Huge backlog country wide
- Generation capacity
- Density of the villages

List of villages that have electrification projects applied for;

PROJECT NAME	ADMIN_AREA_NAME	VILLAGE_NAME
XUKAMAQANDA (PHASE 3)	ALL SAINTS 35	NTABABOMVU, EZANTSI
XUKAMAQANDA (PHASE 3)	LUHEWINI 37	KHANYI, LUHEWINI KWAXOXO
XUKAMAQANDA (PHASE 3)	MAQANDA 41	MAQANDA, EQOLWENI MAQANDA
XUKAMAQANDA (PHASE 3)	NGCACU 40	NGCACU, MWACA
XUKAMAQANDA (PHASE 3)	NGQOKOTO 38	LUHEWINI
XUKAMAQANDA (PHASE 3)	NKWENKWANA 4	MAQANDA, MBILINI NKWENKWANA, MALANGAZANA
XUKAMAQANDA (PHASE 3)	SENTUBE 48	MDENI
XUKAMAQANDA (PHASE 3)	SINQUMENI 62	ESINQUMENI, DULATI, ESIGANGENI, ESINQUMENI
XUKAMAQANDA (PHASE 3)	TSALABA 34	NGELE, TSALABA, QUTHUBENI, TSALABA
XUKAMAQANDA (PHASE 3)	XUKA 42	MBILISHI
XUKAMAQANDA (PHASE 3)	XUKA DRIFT36	KWA-GCINA
MJANYANE QULUQU (PHASE 4)	QUTUBENI 31	JOJWENI, CHEFANE, MATYENI, QUTHUBENI
MJANYANE QULUQU (PHASE 4)	MANZANA 30	GOBHOTI
MJANYANE QULUQU (PHASE 4)	DEBERA 15	MPINDWENI, DALA, KWAJELASE, KWADALA
MJANYANE QULUQU (PHASE 4)	MGWALI 16	LIXENI, MAGEZA, SILEVINI
MJANYANE QULUQU (PHASE 4)	EGOSO 17	TALENI , MAFUSINI, TAFENI, HUKWINI, GOSO

MJANYANE QULUQU (PHASE 4)	QUMANCO 20	MAQOMENI
MJANYANE QULUQU (PHASE 4)	NGQABA 18	NGXEBE, CHIBINI, MAMVULANENI, NGQABA
MJANYANE QULUQU (PHASE 4)	MJANYANA 7	TYWINI, COBOSI, NGCELELO, PHILLIPSDALE
MJANYANE QULUQU (PHASE 4)	QULUQU 6	KUNTSIMBA, MJANYANA, MAWULENI, MATSHAWENI
MJANYANE QULUQU (PHASE 4)	TORA 8	QENTABENI, ENTABENI, QULUQU
MJANYANE QULUQU (PHASE 4)	TORA 8	QANGULENI
MJANYANE QULUQU (PHASE 4)	QULUQU 6	MAKAXENI, MCUBA, NTLALUKANA, QOLWENI, MTSHAYELWENI
MJANYANE QULUQU (PHASE 4)	TORA 8	DANDAZILE, BEKILENI, EMJIKELWENI, GOTYIBENI
SITHOLENI PHASE 2	lower MNYOLO 57	BULA, ZUBURHA, KOMKHULU B, KU CIBI, SANDILE KUSANDILE, NDLUNKULU, NGUBO, LANCEDE
SITHOLENI PHASE 2	MKONKOTO 59	ZABAZA, MNYOLO DRIFT, NQALA, NQALA, JALISA
SITHOLENI PHASE 2	MNYOLO 58	MBOLENI, KWANDLANA, MDENI
SITHOLENI PHASE 2	UPPER GQAGA 64	DYOBHASHI, MBABAKAZI, MANZAKENI, GQAKA NGENTLA, XHOKONXA, MAKHALANE, HLUPEKAZI NGWEMNYAME, UPPER GQAGA, GQAKA
SITHOLENI PHASE 2	QEBE 33	QEBE, SGADLENI, QEBE
SITHOLENI PHASE 2	QUTUBENI 31	MATYENI, CHEFANE, JOJWENI, QUTHUBENI
SITHOLENI PHASE 1	LOWER GQAGA51	LOWER GQAGA, MHLAHLANE, MNCAYI
SITHOLENI PHASE 1	LOWER SITOLENI 49	ELIXENI, EMACHIBIN, HLABA, KUHLABA, LOWER GQAGA MDENI, NGQONDO
SITHOLENI PHASE 1	MGUDU60	EMGUDU, MBOLENI, MDENI MGUDU, MGUDU A, MGUDU B, MGUDU E
SITHOLENI PHASE 1	SINQUMENI 62	DULATI ESIGANGENI ESINQUMENI ESINQUMENI
SITHOLENI PHASE 1	SITOLENI63	BULAWAYO, DIDWAYO, EMANZAMDACA, ESINGENI, GUBENXA, MANZIMDACA, MATYENI, MOLTINA, NTSUBA, NTYWABATYWABA, SDIKIDINI, SITHOLE SITHOLENI, SUNDWANA, TALENI
SITHOLENI PHASE 1	ZABASA 61	HENDY PLAAS, MASAMENI, NTSINGA, ZABAZA
SITHOLENI PHASE 1	UPPER GQAGA 64	LOWER GQAGA
SITHOLENI PHASE 1	TSALABA	NTAKA, GUBENXA

## 2.3 SANITATION

### a. Sanitation services delivery strategy and main actors

This is the competency of the District Municipality (*chris hani district municipality*). The Chris Hani District Municipality is the Water Services Authority with reference to section 78 of the water services act.

No sanitation projects were implemented during the 2009/10 financial year.

### b. Level and standards in sanitation services

The table below illustrates the level of service to sanitation supplied to the Engcobo Municipality community some of the villages are served with sanitation and others not. The level of service is stated i.e RDP or Below RDP. During the financial year 2010/2011 there were no sanitation projects implemented within the municipal area. This is taken from the Chris Hani District Municipality GIS system.

Sandile – A, Tsalaba – F, Yawa Manina, Kusandile, Bhokileni Tsalaba – D, Gibeni, Tsalaba – B,
---

Dyobhashi, Emanzamdaka Hendy Plaas – A, Gubenxa - D Masameni – D, Manzimdaka - C Mbabakazi – B, Gubenxa - A Mbabakazi – A, Gubenxa - C Ntseleni, Cobosi – B, Kwadala Malangazana, Phillipsdale Mangxongweni, Entabeni - A Qolweni – E, Quentabeni Manzimdaka – A, Moltina Sundwana – C, Qebe – B Mjanyana – D, Mafusini – K Mjanyana – C, Mjanyana - B Location, Tafeni – C, Ejele – B, Lalini – O, Sixholosini – A, Mdeni – P, Manzana –C, Tsalaba, Zadungeni Mgudu A, Mdeni – AA, Zabaza – A Jojweni –P, Ezadungeni Quthubeni - C Matyeni – D, Mgubhuzi Tembuland Timber, Esigangeni – B, Sdikidini, Sithole, Gubenxa – B, Taleni – A, Ntsinga – D, Matyeni – A, Ntywabatywaba, Didwayo – A, Manzakeni, Gqaka –A, Sitoleni – C, Zabaza – C ,Sitholeni – C Mwaca – A, Mhlophekazi – C, Maqanda – D, Maqanda – C, Mnqandwini, Mandlaneni – A, Mbilini Mandebe, Xilinx – D, aqanda – B,Ngcacu – A,Ngcacu – B,Gobhoti Eqolweni - AA,, Qebe – C Ngentla, Bulawayo, Gubenxa – E, Elixeni, Mncayi, Kumabunga Sgadleni, Ngqondo, Mdeni – X Lower Gqaka, Lower Gqaga - B Xokonga, Lower Gqaga - C Lower Gqaga – D, Quthubeni – A, Mdeni – YLancede,Ngele – BB,Mhlahlane – A.Ku Cibi Tsalaba – E Tsalaba – A Mdeni –Z Komkhulu B Tsalaba – C Ngaphesheya Khanyi – A Lower Gqobonco Msintsana - E Maqoleni, Mamfengweni, Lixeni –B, Gqobonco, Madotyeni Lower Mbashee, Gxotyeni Ntaka – B Rasmini Enkamdini canabane Ngxoki Msintsana - D New Town – Anonyendu Msintsana – B Mamfengwini – C Msintsana – C Manyisane – B Ngcwabeni Tembisa – A Gadini Ntibaneni Ntibane – A Caca – A Mangxungwini Mchobololo Kwa-Gcina – B Kwancwane Kwa-Gcina – A Dwaleni Maqamkazini Mqobiso – B Sixhotyeni – D Ntababomvu Caca – B Macwerheni Khanyi – B Luhewini – A Didi – B Ezantsi – B Caqca Didi – C Kwaxoxo Sikhonanathi Brick Yard Ngxabane – B Luxeni – B Luhewini – B Nogqadasi – A Sigangeni – C Sithebe Qinwayo Mdeni – AB Sikantini Mbilishi Mhlophekazi – B Dywabasini Mqwebedu Maqomeni – A Luxini Mampondweni – C Mhlophekazi – A Gongqozayo Luqolo Cobosi – C Cobosi – A Nkwenkwana Mbanga – A Tywini Ntlalukana Kwajelase Ngcelelo Mtshayelweni - B Quluqu Mjanyana – A Dandazile Look Out Store Mawuleni Kuntsimba Shushwana Gotyibeni - AA Makaxeni Bekileni Qanguleni Emjikelweni – B Ekunene Esinqumeni – A Nqancule Nqancule - B Kumbeke Union Nkondlo Sinqumeni Tywini Gwadana Luxwesweni Luxwesweni – B Luxwesweni - C Ngcolo Mkonko Ntsinga – C Ntsinga – B Ntsinga – A Zabaza – B Zabaza – D Esinqumeni - B Ndlunkulu – B Ngubo Zuburha Zabura Bula Mboleni – B Kwandlana Lwandlana – M Jalisa Busila – A Mcaba Macebeni Gqutyini – B Nkanini – A Mbashe – D Mgudu E Emgudu Mboleni – a Mgudu – B Mgudu B Nqala – B Mgudu – A Didwayo – B Xhokonxa Kunomyayi Ntsuba Makhallane Kumbeke Hlupekazi Sundwane Ngwemnyame Mnyolo Drift Nqala – A Ntaka – A Sitholeni – A

Population	Number of households	Sanitation levels
128 571	27215	Unserved

Taleni – B, Eluthuthu, Ngxebe Mamvulaneni, Ngqaba, Chibini – H, Kunqumakala, Lucwecwe Swekileni – B, Mgwali Kubhonxa, Engcobo, Chibini – J Drayini – A, Mampingeni - B Mampingeni – C, Madladleni Jojweni – M, Nomadamba Plantation, Mndlela, Gubengxa Lucwecwe – A, Embo, Qoba Komkhulu – W, Kwaithi Komkhulu – N, Ngaphezulu - B Gutyubeni, Kwacube, Qolweni – D, Ngaphezulu – A, Luqolweni – E, Mafusini – L ,Maqanda - A Bele – A, Kwagxubane, Fama – A, Beyele, Qumanco – B, Fama – B, Ntwashini, Dlomo – B Mquabu, Mqabo – B, Mqabo – A, Egubhuzi – A, Island, Mqabo – C, Esingeni – C, Mkhanzi, Mlambo – BMntuntloni Mhlangwini Mtintloni Mgaphesheya Maqwathini – D Blomfaka Luqolweni – A Qolweni – C Lalini – I Mtintloni – A Mthumeni Kwabhinca Bhinca Gqutyini – A Magebeni Klofini Qumanco Dala – A Lixeni – C Enkwenkwezi Mayekiso Farm – A Maggakaleni Mageza Silevini Hukwini Goso – J

Population	Number of households	Sanitation levels
43 770	7 645	Served

### **c. Major challenges in sanitation services and remedial actions**

- Huge backlogs
- Funding allocations
- IDP reviewed to meet national targets
- Funding requested from DWAF

## **2. 4 ROAD MAINTENANCE**

### **a. Road maintenance services delivery strategy and main actors**

It is the competence of the Engcobo Local Municipality construction and maintenance. The Engcobo Municipality main focus is on the construction and maintenance of the access roads and the Department of roads and transport constructs and maintenance the district roads.

The Engcobo municipality has been very much fortunate to have the area wide maintenance program which is being implemented by the by Department of Roads and Transport. The area wide program has been of great assistance to both the Engcobo Municipality and its community. The Department assisted the municipality in construction of 20km of access road which were inaccessible.

The Engcobo Municipality has got a huge backlog on access roads that the municipality will take a very long time to eradicate. During the 2010/11 financial the municipality constructed the following access roads;

- Skom Access Road
- Mfihlo - Malusini Access Road
- Nqaba Access Road
- Sikhantini Access Road
- Fama Access Road
- Chefene Hoek Access Road
- Upgrading of Streets(under construction)
- Mgudu Access Road

The above mentioned were constructed with the use of construction companies. The Engcobo Municipality does have its own construction equipment which is mainly used for the maintenance of access roads. The equipment assists the municipality in addressing the backlog that the municipality has in maintenance.

## **b. Level and standards in road maintenance services**

The municipality has got three levels of services namely;

High	Urban Area (municipal roads)
Middle	District Road (department of roads and transport)
Low	Access Roads (municipal roads)

## **c. Annual performance as per key performance indicators in road maintenance services**

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years
1	Percentage of households without access to gravel or graded roads	21 651	13 871	63.05	87.2
2	Percentage of road infrastructure requiring upgrade	21 651	13 871	63.05	87.2
3	Percentage of planned new road infrastructure actually constructed	0	0	0.0	0.0
4	Percentage of capital budget reserved for road upgrading and maintenance	100	85	85	87.2

The household indicated above are for the prioritised projects for the 2010/2011 financial year.

## **d. Major challenges in road maintenance services and remedial actions**

- Raising construction costs
- Repairs to municipal machinery
- Provision of portable water for urban community
- Backlog of access roads
- Budget constraints
- Applications sent through to national CoGTA and other government departments.
- Non availability (shortages in stock levels) of construction material like steel, cement and fuel.



## 2.5 WASTE MANAGEMENT

### a. Waste management services delivery strategy and main actors

At this municipality, the Community Services Department is responsible for the overall cleaning of the Central Business Area/C.B.D. Much work has been covered, and or on a continuous basis is being covered. This project, although it is being undertaken with all enthusiasm, zeal and good attitude at the most, this is a cause for concern and unhappiness amongst all community members including the municipality it's self.

We as the municipality have devised some means, to effectively manage this troublesome waste by dividing our waste management team into two shifts; the morning shift and the afternoon shift. Fewer people work in the morning shift from 7hrs30 up to 16hrs, as the streets are mostly congested with vehicles in the morning. Much workmanship is dedicated to the afternoon shift, which starts at 13hrs30 up and until 22hrs.

The main actors range from street cleaners, truck drivers and truck assistants. Each team has its own supervisor, but both teams are jointly headed at the helm by a Refuse Officer. The Manager of the Health and Community Services Department is championing all Health and Community Service related issues including the Waste Management.

### b. Level and standards in waste management services

Mostly, if not all of the town shops, have concrete if not drum waste bins in front of their shops, supplied by this municipality. Although some are old but some are new and the municipality budgeted a lump sum of money for buying new waste drum bins in the financial year 2010/11. This, in a way has a low impact in the street cleaning of the Engcobo town as whole.

The Engcobo residential places have been divided into days of removing their waste, but in front of their houses. The Time housing part of Engcobo suburban place, her waste is being removed on Mondays of each week, the Dorne valley part, her is being removed every Tuesday of the Week , but on Wednesdays we collect at All Saints hospital and the newly established Masonwabe Nathi is every Thursday. This probably, has a high level access to waste management services.

This on its own shows that, this is a quality standard of waste management service and in the year under review the municipality aimed to achieve some 70% of the customer satisfaction and a high quality service delivered to the Engcobo town Community.

### c. Annual performance as per key performance indicators in waste management services

Indicator Name	Target for the year 2010/2011 (No of households )	Achievement level during the year 2010/2011.No of households	Achievement Percentage during the year 2010/2011	Overall achievement rate including previous years
% of households with access to refuse removal services (D.M.	1 442 500 households	1 442	100	85%
% of L.m. with Management Plan (D.M.)	N/A	N/A	N/A	N/A
% of municipal landfills in compliance with Env. (D.M)	1	1	1	100%

### d. Major challenges in waste management services and remedial actions

- i. Diligence in the part of the general staff membership is very much prevalence in as far as their morale is concern therefore their morale needs to be jacked up a bit.
- ii. The fencing of the Land fill site is also a challenge, as at one stage and access control is a problem. Efforts have been made to put a fence around the waste site through the department of environmental affairs.
- iii. Cleaning Equipments: - e.g. the buying of a new extra refuse truck, a generous gesture by the clean loving business community to donate two or three refuse drum/concrete bins.

## 2.6 HOUSING AND TOWN PLANNING

### a. Housing and town planning services delivery strategy and main actors

The Engcobo Municipality has got the responsibility of providing houses for the community of Engcobo through the Department of Human Settlements. The Municipality implemented no housing project during the 2010/2011 financial. During the 2010/2011 financial year the municipality did not receive funding for housing development implementation.

The Engcobo Municipality does not have a town planning division within the municipality. The technical department of the Engcobo Municipality performs the function of town planning. The Municipality has requested the DBSA (Development Bank of Southern Africa) to assist the municipality through its learner ship program to provide the municipality with a town planner.

#### **b. Level and standards in Housing and town planning services**

The spatial development framework of the municipality has been adopted by council. The town planning activities have been incorporated in the SDF (Spatial Development Framework). Planned projects were the following;

- Debera Rural Housing 763 Houses
- Mtihloni Rural Housing 300 Houses
- Extension 10 Middle Income Housing 103 Houses
- Extension 11 Low Cost Housing 1803 Houses

#### **c. Annual performance as per key performance indicators in housing and town planning services**

	Indicator name	Target set for the year (number of households)	Achievement level during the year (number of households)	Achievement percentage during the year	Overall achievement rate including previous years.
1	Percentage of LM with an approved Spatial Development Framework (DM only)	0	0	0	0
2	Percentage of LM with a land use management system(DM only)	0	0	0	0

#### **d. Major challenges in housing and town planning services and remedial actions**

- High Staff Turnover
- Approval for projects by Department of Housing
- Implementation of Rural Housing
- Capacity of Sewerage Treatment works

### **2.7 Spatial planning**

#### **a. Preparation and approval process of SDF:**

The Engcobo municipality does have a credible SDF in place which was reviewed during the 2010/2011 financial year a service provider has been appointed to assist the municipality with the review of the SDF. The SDF has been adopted by council.

#### **e. Land use management:**

The Engcobo Local Municipality received no application for rezoning were received . No applications were received for the following;

- Consent use
- Removal of restrictions

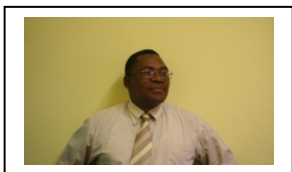
## 2.8 OVERALL SERVICE DELIVERY BACKLOGS

Basic service delivery area	30 June 2010			30 June 2011		
<b>Electricity Backlogs (30KWH/month)</b>	Required	Budgeted	Actual	Required	budgeted	Actual
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	9 324	3730	3 992	5 594	3 000	3 000
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	85	40	40	48.47	26	26
Spending on new infrastructure to eliminate backlogs (R000)	201 950 000.00	35 000 000.00	35 000 000.00	101 950 000.00	54 000 000.00	54 000 000.00
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Total spending to eliminate backlogs (R000)	201 950 000.00	100 000 000.00	100 000 000.00	101 950 000.00	54 000 000.00	54 000 000.00
Spending on maintenance to ensure no new backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Road maintenance backlogs</b>						
Backlogs to be eliminated (N0. HH not receiving the minimum standard service)	21 651	21 651	21 651	8 449	8 449	0
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	45.1	45.1	37.1	8 449	8 449	0
Spending on new infrastructure to eliminate backlogs (R000)	17 976 522.37	17 976 522.37	10 249 707.64	21 620 000.00	21 620 000.00	0.00
Total spending to eliminate backlogs (R000)	17 976 522.37	17 976 522.37	10 249 707.64	21 620 000.00	21 620 000.00	0.00
Spending on maintenance to ensure no new backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Refuse removal</b>						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	RURAL AREAS					

Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	RURAL AREAS					
Spending on new infrastructure to eliminate backlogs (R000)	8 107 993.50	0.00	0.00	8 107 993.50	0.00	0.00
Spending on renewal of existing infrastructure to eliminate backlog (R000)	80 193.00	80 193.00	80 193.00	8 107 993.50	0.00	0.00
Total spending to eliminate backlogs (R000)	8 107 993.50	0.00	0.00	8 107 993.50	0.00	0.00
Spending on maintenance to ensure no new backlogs (R000)	1 552 908.00	0.00	0.00	1 552 908.00	0.00	0.00
<b>Housing and town planning</b>						
Backlogs to be eliminated (NO. HH not receiving the minimum standard service)	30 134	0.00	0.00	30 134	0.00	0.00
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	100	0.00	0.00	100	0.00	0.00
Spending on new infrastructure to eliminate backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Spending on renewal of existing infrastructure to eliminate backlog (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Total spending to eliminate backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00
Spending on maintenance to ensure no new backlogs (R000)	0.00	0.00	0.00	0.00	0.00	0.00

## CHAPTER 3: HUMAN RESOURCES AND OTHER ORGANISATION MANAGEMENT

### 3.1 PRESENTATION OF THE ORGANIZATIONAL STRUCTURE



### 3.2 KEY HUMAN RESOURCES STATISTICS PER FUNCTIONAL AREA

#### 3.2.1 Full time staff complement per functional area

Department	Number of approved posts per department	Filled posts	Vacant posts
Section 57 and MM	5	4	1
Sanitation	11	11	Nil
Electricity – N\A	N/A	N/A	Nil
Health – N\A	N/A	N/A	N/A
Technical	6	6	Nil
Finance	17	16	2
Planning and LED	4	4	Nil
Human Resources	10	10	Nil
Community Services	45	45	Nil
Housing	2	1	1

### 3.2.2 Level of education and skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate	Number of staff with Tertiary/accredited professionals training
151	86	30	35

### 3.2.3 Trends on total personnel expenditure

Years	Total number of staff	Total approved Budget	Personal expenditure (salary and salary related)	Percentage of expenditure
2007-2008	140	37 357 692	19 466 897	52%
2008-2009	151	44 937 543	19 948 351	44%
2009/2010	<b>150</b>	<b>27 857 384</b>	<b>15 148 506</b>	<b>54%</b>
2010/2011	<b>151</b>	<b>110 177 776</b>	<b>27 927 219</b>	<b>25.3</b>

### 3.2.4 Senior officials' wages and benefits (only if not included in the financial statements)

	Indicator name	Target set for the year (number of people)	Achievement level during the year (number of people)	Achievement percentage during the year	Overall achievement rate including previous years.
1	Vacancy rate for all approved posts;	7%	<b>10</b>	100%	100%
2	Percent of appointments to strategic positions (Municipal Manager and Section 57 Managers)	20%	0	0%	0%
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 leadership training within the FY	4	4	100%	100%
4	Percentage of Managers in Technical Services with a professional qualifications	1	1	100%	100%
5	Adoption and implementation of Performance Management System	4	4	100%	100%
6	Adoption and implementation of a Human Resource Development Plan including workplace skills plan	20	20	100%	100%



7	Completed a skills audit (including competency profiles)	15	10	66%	66%
8	Percentage of Councillors who attended at least 1 leadership training within the FY	6	6	100%	100%
9	Percentage of Councillors: - with disability - female - youth	1	1	100%	100
10	Adoption of the Employment Equity Policy	151	151	100%	100%

#### 5. List of pension and medical aids to whom employees belong

Names of pension fund	Number of members	Names of medical Aids	Number of members
SAMWU	120	Bonitas	30
CAPE JOINT	31	Samwu Med	110
		Hosmed	11

## CHAPTER 4: AUDITING STATEMENTS AND RELATED FINANCIAL INFORMATION

### 4.1 The audited financial statements

## ANNEXURE A

### 4.2 Budget to actual comparison

## ANNEXURE B

### 4.3 Grants and transfers' spending

NAME OF GRANT	AMOUNT RECIEVED	AMOUNT SPENT	% Of amount Spent
Finance Management Grant	1 200 000.00	1 854 328.16	155
Systems improvement Grant	750 000.00	922 370.00	122
Municipal Infrastructure Grant	17 986 000.00	10 249 707.64	57.9
Equitable share	46 997 000.00	46 997 000.00	100

### 4.4 Meeting of Donors' requirements for conditional grants

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of 50% of basic charge for water and sanitation and 6 kilolitres of free water, which is funded from the grant. The municipality also provides 50Kw of electricity to all the applicants who have access to the electricity infrastructure.

### 4.5 Municipality Long term contracts

The municipality had no other long term contracts during the year except the operating leases for the office equipment.

#### 4.6 Annual performance as per key performance indicators in financial viability

##### Financial viability analysis

An analysis of the financial viability of Engcobo was conducted based on current available records. Even though the analysis could not be completed due to inconsistent records and lack of credible baseline data, these were the key areas of concern that emerged.

- Municipality's financial reporting capacity needs urgent improvements
- Existing financial data is inconsistent and cannot be used as a credible baseline for future projections
- The municipality is implementing GAMAP / GRAP requirements
- There is a functional valuation roll as per the MPRA(municipal property rates act of 2006)
- The local revenue base is very low due to low levels of household expose to regular incomes and high levels of poverty.
- The municipality has developed the internal controls and is implementing them for the budget and treasury office.
- The risk management policy, strategy and plans have been developed.

#### 4.7 The Auditor general reports

##### ANNEXURE C

#### 4.8 Situation of arrears in property rates and service charges

Municipality has the following services – Rates, Refuse, Water and Sanitation (WSP) As Municipality is mainly rural, as it has low level of economic development. The Municipality depends on grant funding, 10% of total revenue is from own generated revenue. This depicts that the municipality cannot survive without the grants from the provincial and national government. There has been a tremendous increase in the revenue collected for the year under review as the municipality experienced a 84% collection rate on average for all the services billed.

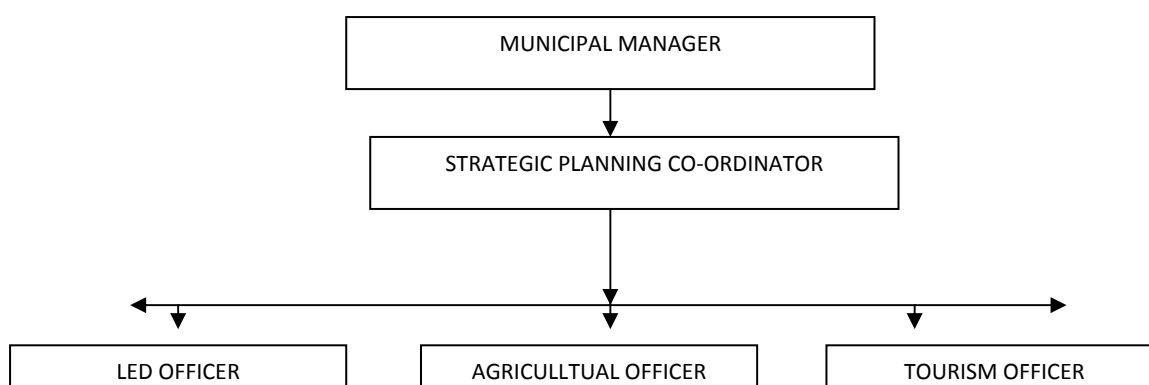
CATEGORY	120+ DAYS	%
Residents	3 581 686.97	65.2
Business	1 835 518.60	33.4
Government	73 582.25	1.3
TOTAL	5 490 787.82	100

CATEGORY	TOTAL OF AMOUNT OWED	%
Residents	2 046 925	59
Business	1 322 444	38
Government	111 464	3
TOTAL	3 480 835	100

## CHAPTER 5: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

### 5.1 LED Strategy/plan

LED strategy is designed to guide and facilitate the municipality on the response to the local economic development around the Engcobo community and beyond. The focus of the strategy is on the forestry development, Tourism development, Agro tourism, retail market and Agricultural development. A, The strategy for local economic development is on place and it is on the reviewal process. According to the Local Economic Development strategy a set up is on place as the department of LED, with the following structure.



The unity is having small scale but it need more expertise, they need to be capacitated and assistance, on all aspect of Economic Development.

### 5.2 Progress towards achieving the LED key objectives

#### a. Improve public and market confidence

The spatial development frame work and land use management system are not on place as result the municipality has engaged DPLG and DBSA to assist on the formulation SDF and LUMS.

-There are some challenges that needs to be addressed concerning the red tapes

-Investments and trading by-laws needs to be publicized and be adopted also implemented.

-We don't have controls but we have some suggestions for improving economic infrastructure. no market place ,no reliable infrastructure ie road and ITC

-Disaster Management

We only have district plan on place. Disaster officer has been employed with two temporal workers.

#### **b. Exploit comparative and competitive advantage for industrial activities**

There are no industries in this municipality but some activities are happening in an unorganized manner i.e. panel beater, motor mechanics and electricians companies

#### **c. Intensify Enterprise support and business development**

SMME'S:- Training workshop

- Engage in tendering on different aspects
- Small financial support.
- Technical support

The unit created public private partnership with some stakeholders e.g. Business forum, Farmers Association, Co-operatives and Departments.

The new employment opportunities are as follows 338 short and long term i. e. youth, women and disabled. On expanded Public works programme there is nothing.

On private partnership at least more people are employed permanently and temporarily.

#### **d. Support Social investment program**

On Social investment program the municipality has engaged all people that are doing and those that are having an interest in the local economic development as result

- The municipality registered ± 60 different co-operatives with the assistance of SEDA and DEDEA.
- There are 20 community based organizations that are dealing mostly with HIV\AIDS related programmes and Agriculture.
- There are structures on place i.e. Business forum, Farmers Association Informal business forum.
- Women and youth forums are on place

### 5.3 Challenges regarding LED strategy implementation

- **Funding**
- **Capacity and skills development**
- **Experts on LED natural resources**
- **Maximizing of opportunity for development**
- **To unlock investors and donors**
- **Poor functionality of established structures**
- **Creation of job opportunities**
- **Promotion of learnership**
- **Weakness on the promotion of networks poor and retain support on SMMES AND BUSINESS DEVELOPMENTS**
- **Land use management plan.**